

# BC NDP 2013 PLATFORM FISCAL PLAN

April 11, 2013



# REAL LIBERAL DEFICIT

	2013/14	2014/15	2015/16
Real Liberal Deficit	(790)	(847)	(452)

The **Real Liberal Deficit** is made up of the following:

1. Expenditure growth rate projections that are **unrealistic**.
2. Asset sales revenue that is **not credible**.

# CORPORATE INCOME TAX

## MEASURE

- Increase general CIT from 11% to 12% effective October 1, 2013
- No increase to small business tax rate of 2.5% nor reduction of \$500k threshold

## REVENUE

- \$200 million per year

## OUTCOME

- BC will have 5th lowest general CIT rate in Canada

CHANGE *for the* BETTER

# CORPORATION CAPITAL TAX ON FINANCIAL INSTITUTIONS

## MEASURE

- ▶ Reinstate the CCT on financial institutions
  - 3% for banks
  - 1% for financial institutions with head offices in BC, including credit unions
- ▶ Exemption for credit unions with capital holdings of less than \$20 million
- ▶ Effective October 1, 2013

## REVENUE

- ▶ \$150 million per year

## OUTCOME

- ▶ BC CCT on financial institutions will be lowest in Canada among 7 provinces with the tax

**CHANGE** *for the* **BETTER**

# PERSONAL INCOME TAX: HIGH INCOME EARNERS

## MEASURE

- Increase rates for top 2% of earners to 19% on individual taxable income above \$150K a year
- Personal income tax rates will not change for individual taxable income below \$150k a year
- Effective January 1, 2014

## REVENUE

- \$200 million per year

## OUTCOME

- Affects only top 2% of earners and only on their taxable income above \$150K
- No tax increase for 98% of earners

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# PERSONAL INCOME TAX: HIGH INCOME EARNERS

<b>Impact of New 19% PIT Rate on Individual Taxable Income</b>	
<b>Taxable Income</b>	<b>Additional Tax Paid (Annual)</b>
<\$150,000/year	0
\$200,000/year	\$1,100
\$250,000/year	\$2,200
\$350,000/year	\$4,400

**CHANGE *for the* BETTER**

# CARBON TAX: EXPANDING THE BASE

## MEASURE

- ▶ Expand the carbon tax base to cover “venting” emissions from the oil and gas sector
- ▶ Effective April 1, 2014 at \$10/tonne; increases to \$20/tonne in 2015 and \$30/tonne in 2016
- ▶ Will not apply to chemical process emissions (cement, aluminum, lime), agriculture emissions, or fugitive emissions

## REVENUE

- ▶ \$0 in 2013/14
- ▶ \$35 million in 2014/15
- ▶ \$70 million in 2015/16
- ▶ \$100 million in 2016/17

## OUTCOME

- ▶ To reduce GHG emissions and spur innovation in best practices in the sector

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# REALLOCATING LIBERAL SPENDING

	2013/2014	2014/2015	2015/2016
BC Training and Education Savings Program	30	30	30
Early Years Strategy	6	18	52
Early Childhood Tax Benefit	0	0	146
Discretionary Spending*	50	100	100
<b>TOTAL REALLOCATIONS</b>	<b>86</b>	<b>148</b>	<b>328</b>

\*Reallocation of discretionary spending totals less than 1% of government spending in each fiscal year.

**CHANGE *for the* BETTER**

# NEW REVENUE/REALLOCATIONS

New Revenue/Reallocation (\$millions)	(partial yr)		
	2013/2014	2014/2015	2015/2016
<b>Corporate Income Tax</b> Increase from 11% to 12%	100	200	200
<b>Corporation Capital Tax on Financial Institutions</b> 3% for banks; 1% for head offices in BC and credit unions	75	150	150
<b>Personal Income Tax (High Income Earners)</b> 19% on individual taxable income above \$150K	50	200	240
<b>Carbon Tax</b> Expand base to vented emissions from oil and gas operations	0	35	70
<b>Reallocation</b>	86	148	328
<b>TOTAL NEW REVENUE/REALLOCATIONS</b>	<b>311</b>	<b>733</b>	<b>988</b>

*Total new platform spending will not exceed total new revenue/reallocations.*

# CHANGE —*for the*— BETTER

ONE PRACTICAL STEP AT A TIME



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